

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION,
STATE OF LOUISIANA
Napoleonville, Louisiana**

FINANCIAL STATEMENTS

Year ended July 31, 2014

Waguespack & Gallagher, LLC

Certified Public Accountants • Business Advisors

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**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION,
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FINANCIAL STATEMENTS

Year ended July 31, 2014

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Waguespack & Gallagher, LLC

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INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners
Waterworks District No. 1 of the
Parish of Assumption, State of Louisiana
Napoleonville, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the major fund of Waterworks District No. 1 of the Parish of Assumption, State of Louisiana (the District), a component unit of the Assumption Parish Police Jury, as of and for the year ended July 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Waterworks District No. 1 of the Parish of Assumption, State of Louisiana, as of July 31, 2014, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 8, and Other Supplemental Information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying financial information listed as "Schedules" in the table of contents is presented for the purposes of additional analysis and is not a required part of the basic financial statements of the Waterworks District No. 1 of the Parish of Assumption, State of Louisiana, a component unit of the Assumption Parish Police Jury.

The information, except for the Schedule of Metered Water Customers marked "unaudited", on which we express no opinion, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2014 on our consideration of Waterworks District No. 1 of the Parish of Assumption's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Waterworks District No. 1 of the Parish of Assumption's internal control over financial reporting and compliance.

Waggoner & Gallagher, LLC

December 15, 2014

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
July 31, 2014**

Our discussion and analysis of the financial performance of the Assumption Parish Waterworks District No. 1 (the District) provides an overview of the District's financial activities for the fiscal year that ended July 31, 2014. Please read it in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- The District's net position increased by 987,033 or 5.9 percent.
- The District's total revenues were \$4,574,301 for an increase of 6.8 percent.
- During the fiscal year ending July 31, 2014, the District had total expenses, excluding depreciation, of \$2,861,458 for an increase of 2.3 percent.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and other supplementary information. The basic financial statements include enterprise fund financial statements (government-wide) that provide both long-term and short-term information about the District's overall financial status.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

Figure A-1 summarizes the major features of the District's financial statements, including the portion of the District's government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure of contents of the statements.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
July 31, 2014**

Figure A-1	
Major Features of the Assumption Parish Waterworks District No. 1 Financial Statements	
	Financial Statements
	Enterprise Fund Statements (Government-wide)
Scope	Entire government
Required financial statements	Statement of net position Statement of revenues, expenses and changes in net position Statements of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus
Type of assets / liability information	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow / outflow information	All revenues and expenses during year, regardless of when cash is received or paid

Enterprise Fund Financial Statements (Government-wide)

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position provide information in a way that shows the change in the District's financial condition resulting from the current year's activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most businesses. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's net position and the change in them. Net position – the difference between assets (what the District owns) and liabilities (what the District owes) is a way to measure the financial position of the District. Over time, increases or decreases in the District's net position are an indicator of whether the District's financial position is improving or deteriorating.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
July 31, 2014**

The Statement of Cash Flows provides information on the changes in cash during the year. This statement reports the net cash provided or used by operating activities, capital and related financing activities, and investing activities.

FINANCIAL ANALYSIS OF THE ASSUMPTION PARISH WATERWORKS DISTRICT NO. 1

Net Position. The District's net position increased between fiscal years 2013 and 2014 to approximately \$17,855,297. (See Table A-1).

Table A-1		
Assumption Parish Waterworks District No. 1 Net Position		
	Business Type Activities	
	2014	2013
Current and Other Assets	\$ 8,431,450	\$ 8,261,993
Capital Assets	15,776,890	15,239,223
Unamortized Debt Issue Costs	67,546	75,967
Total Assets	\$ 24,275,886	\$ 23,577,183
Accounts Payable and Accrued Expenses	809,689	713,574
Customer Deposits	300,900	285,345
Revenue Bonds Payable	5,310,000	5,710,000
Total Liabilities	\$ 6,420,589	\$ 6,708,919
Net Position		
Invested in Capital Assets, net of related debt	10,466,888	9,529,223
Restricted for Revenue Bond Debt Service	3,899,380	4,229,700
Unrestricted	3,489,029	3,109,341
Total Net Position	\$ 17,855,297	\$ 16,868,264

Net position of the District's business type activities increased 5.9 percent to approximately \$17,855,297.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
July 31, 2014**

Changes in net position. The District's total revenues increased by 6.8 percent to \$4,574,301. (See Table A-2). This increase is primarily due to the fact that water usage was up.

The cost of the total operating expenses decreased by \$15,652 or .5 percent, primarily due to decrease in maintenance and chemicals from prior fiscal year.

Table A-2		
Changes in Assumption Parish Waterworks District No. 1 Net Position		
	Business Type Activities	
	2014	2013
Operating Revenues		
Water Sales	\$ 4,046,230	\$ 3,771,593
Other Water Service Charge	140,531	167,749
Delinquent Charges	134,979	130,091
Billing & Collection fees	115,557	115,768
Total Operating Revenues	\$ 4,437,297	\$ 4,185,201
Non Operating Revenues		
Interest	\$ 2,568	\$ 3,929
Other Income	134,436	94,953
Total Non Operating Revenues	\$ 137,004	\$ 98,882
Total Revenues	\$ 4,574,301	\$ 4,284,083
Expenses		
Operating Expenses	\$ 3,417,075	\$ 3,432,727
Non Operating Expenses (Interest expense & debt costs)	170,193	75,616
Total Expenses	\$ 3,587,268	\$ 3,508,343
Changes - Increase or (Decrease) in net position	\$ 987,033	\$ 775,740

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
July 31, 2014**

FINANCIAL ANALYSIS OF THE FUNDS

As the District completed the year, its enterprise fund reported total assets of \$24,275,886, which is an increase from last year of approximately \$698,703.

Budgetary Highlights

The District did not revise its budget for year ending July 31, 2014.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

As of July 31, 2014, the District had invested \$15,776,890 in capital assets. (See Table A-3).

Table A-3		
Assumption Parish Waterworks District No. 1 Capital Assets		
(net of depreciation)		
	Business Type Activities	
	2014	2013
Land and Right of Way	\$ 171,071	\$ 170,731
Power Pumping & Purification Structures & Equipment	10,037,603	9,878,854
Transmission & Distribution Mains & Accessories	19,665,229	19,240,216
Transportation, office and other equipment	773,658	630,728
Construction in progress	2,259,081	1,722,636
Accumulated Depreciation	(17,129,752)	(16,403,942)
Total Net Capital Assets	\$ 15,776,890	\$ 15,239,223

Debt

As of July 31, 2014, the District had \$5,310,000 in revenue bonds payable outstanding. The District is meeting all of its fund transfer requirements as set out in the bond resolutions. Additional information about the District's debt is presented in Note F – Long-Term Obligations – in the Notes to Financial Statements.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
July 31, 2014**

ECONOMIC FACTORS AND NEXT YEARS BUDGETS AND RATES

The District normally gets all of its revenues from water sales and services provided. Revenues from water sales and services provided in fiscal year ended July 2014 stayed consistent with fiscal year ended July 2013. The fiscal year July 2015 budget has revenue from water sales budgeted of approximately \$4,210,000, an increase of approximately \$160,000 over fiscal year ended July 2014 actual sales. The economy is not expected to generate any significant growth. The District's enterprise fund future revenues are expected to increase approximately .7 percent due to water usage increases.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Bernard J. Francis, Jr., General Manager, 4633 LA Hwy 1, P.O. Drawer 575, Napoleonville, Louisiana 70390.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Exhibit A

**STATEMENT OF NET POSITION
July 31, 2014**

ASSETS

Cash	\$ 392,837
Investments	3,441,513
Receivables:	
Billed water charges, net of \$18,966 for an allowance for doubtful accounts	254,690
Unbilled water charges	244,768
Other receivables	5,345
Inventory of supplies	162,975
Prepaid expenses	29,942
Restricted assets-debt service:	
Investments	3,899,380
Capital assets, net	15,776,890
Unamortized debt issue costs	<u>67,546</u>
Total assets	<u>\$ 24,275,886</u>

The accompanying notes are an integral part of these financial statements.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Exhibit A

**STATEMENT OF NET POSITION
July 31, 2014**

LIABILITIES

Liabilities:

Accounts payable	\$ 54,262
Accrued wages payable	11,722
Accrued vacation payable	29,149
OPEB Liability	679,595
Payable from restricted assets:	
Certificates of indebtedness	510,000
Interest payable	34,961
Customers' deposits	300,900
Certificates of indebtedness payable	<u>4,800,000</u>
Total liabilities	<u>6,420,589</u>

NET POSITION

Invested in capital assets, net of related debt	10,466,888
Restricted for revenue bond debt service and contingencies	3,899,380
Unrestricted	<u>3,489,029</u>
Total Net Position	<u><u>\$ 17,855,297</u></u>

The accompanying notes are an integral part of these financial statements.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Exhibit B

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
July 31, 2014**

Operating Revenues:	
Revenues from sales and service charges:	
Water sales	\$ 4,046,230
Other water service charges	140,531
Delinquent charges	134,979
Solid waste, garbage, and sewerage collection fees	<u>115,557</u>
Total operating revenues	<u>4,437,297</u>
Operating expenses:	
Waterworks system expenses	1,519,759
Office, general and administrative expense	1,173,831
Depreciation	<u>725,810</u>
Total operating expenses	<u>3,419,400</u>
Operating Income	<u>1,017,897</u>
Nonoperating revenues (expenses):	
Interest income	2,568
Other income	134,436
Interest expense	(159,447)
Amortization of debt issue costs	<u>(8,421)</u>
Total nonoperating revenues (expenses)	<u>(30,864)</u>
Change in Net Position	987,033
Net Position- Beginning	<u>16,868,264</u>
Net Position - Ending	<u><u>\$ 17,855,297</u></u>

The accompanying notes are an integral part of these financial statements.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Exhibit C

STATEMENT OF CASH FLOWS

July 31, 2014

Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 4,395,654
Cash Payments to Suppliers for Goods & Services	(1,549,105)
Cash Payments to Employees	(1,063,538)
Cash Received from Deposits	15,555
Net Cash Provided by Operating Activities	<u>1,798,566</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and Construction of Capital Assets	(1,263,475)
Principal Paid on Revenue Bonds	(400,000)
Interest paid on Revenue Bonds	(141,516)
Other Non-operating Revenues	134,434
Net Cash Used for Capital and Related Financing Activities	<u>(1,670,557)</u>
Cash Flows from Investing Activities:	
Interest Earned on Investments	663
Transfers to Investment Accounts	(141,127)
Net Cash Used for Investing Activities	<u>(140,464)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(12,455)
Cash and Cash Equivalents at Beginning of Year	<u>405,292</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 392,837</u></u>

Reconciliation of Income from Operations to Net Cash Provided by Operating Activities	
Income from Operations	\$ 1,017,897
Adjustments to Reconcile Income from Operations to Net Cash Provided by Operating Activities:	
Depreciation	725,810
Change in Operating Assets & Liabilities	
Accounts Receivable	(41,643)
Prepaid Expenses	2,763
Customer Deposits	15,555
Accounts Payable	(36,296)
OPEB Liability	111,424
Other Accrued Expenses	3,056
Net Cash Provided by Operating Activities	<u><u>\$ 1,798,566</u></u>
Reconciliation of Total Cash and Cash Equivalents	
Total Cash and Cash Equivalents	\$ 392,837

The accompanying notes are an integral part of these financial statements.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2014**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

On July 10, 1956, in accordance with the provisions of Chapter 8 of Title 33 of the Louisiana Revised Statutes of 1950, the Police Jury of the Parish of Assumption created the Waterworks District No. 1 of the Parish of Assumption, State of Louisiana (hereinafter referred to as the District). The District as created by the Police Jury encompasses the identical area as the Parish of Assumption.

Basis of Presentation The accompanying basic financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

This financial report has been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999. The following is a summary of the District's significant policies:

Reporting Entity As the governing authority of the parish, for reporting purposes, the Assumption Parish Police Jury is the financial reporting entity for Assumption Parish. The financial reporting entity consists of (a) the primary government (Assumption Parish Police Jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Assumption Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criterion includes:

- Appointing a voting majority of an organization's governing body, and the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the police jury.
- Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
- Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Even though the District is legally separate from the police jury, the Assumption Parish Police Jury appoints a majority of the district's governing body, and the Police Jury has the ability to impose its will on the district. The District also has the potential to provide specific benefits to, or impose specific financial burdens on the police jury. Because of these reasons, the management of the district's office has determined that the District is a component unit of the Assumption Parish Police Jury.

Measurement Focus/Basis of Accounting The enterprise fund statements (government-wide) were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB No. 33, *Accounting and Financial Reporting for Non-exchange transactions*.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2014**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Enterprise funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operation. The operating revenues of the District are water sales, connections and reconnection fees, late charges, and other miscellaneous operating revenues. Operating expenses for enterprise funds include the costs of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Cash and Cash Equivalents All highly liquid investments (including restricted assets) with a maturity of three months or less are considered to be cash and cash equivalents for purposes of reporting cash flows.

Inventory The District values its inventory of supplies at the lower of cost or market using the first-in, first-out method.

Capital Assets All capital assets are capitalized in the enterprise fund and stated at historical cost less accumulated depreciation.

Depreciation of all exhaustible capital assets used by the enterprise fund is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method (see Note C).

Long-Term Liabilities Long-term debt such as revenue bonds payable is reported as liabilities on the statement of net position.

Contributions for Meters Contributions received from customers for new meter services are treated as income. The cost of installing new meter services are expensed in the year incurred.

Vacation and Sick Leave The District's employees earn one to five weeks vacation annually based on number of years of employment. Employees can accumulate a maximum of 40 hours of unused vacation which can be carried forward and taken in subsequent periods. Upon termination, employees are paid for any unused current year and any accumulated vacation hours. Employees are allowed ten days of sick leave annually that may be used for sickness only. The sick leave plan is coupled with a disability insurance policy.

Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures, and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Recently Issued Accounting Principles For the year ended July 31, 2014, GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, reclassified, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The following GASB statements were also effective, but did not impact the financial statements of the Louisiana Legislative Auditor: GASB Statement No. 66, *Technical Corrections*; GASB Statement No. 67, *Financial Reporting of Pension Plans*; and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

NOTE B – FLOW OF FUNDS – RESTRICTIONS ON USE

Under the terms of the 2006 Certificates of Indebtedness (see note F) dated November 29, 2006, the certificates shall be secured by and payable solely from a pledge and dedication of the excess of annual revenues of Assumption Parish Waterworks District No. 1 above statutory, necessary and usual charges in each of the fiscal years. The agreement also requires that until the Certificates have been paid in full in principal and interest, the District must budget annually a sum of money sufficient to pay the principal and interest on the Certificates.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2014**

NOTE B – FLOW OF FUNDS – RESTRICTIONS ON USE-Continued

For the payment of the principal and the interest on the Certificates and any additional parity certificates of indebtedness, there is hereby created a special fund known as “Waterworks District No. 1 of the Parish of Assumption, State of Louisiana, Certificates of Indebtedness, Series 2006 Sinking fund being maintained with the designated fiscal agent bank of the Issuer. The District shall deposit in the Sinking Fund at least one day in advance of the date on which each payment of principal and/or interest on the Certificates fall due, funds fully sufficient to promptly pay principal of and/or interest so falling due on such date. Said fiscal agent bank will make available from the Sinking Fund to the paying Agent funds fully sufficient to pay promptly principal and interest falling due on such date.

Under the terms of the Revenue Bonds, Series 2013 (see note F) dated May 23, 2013, the bonds shall be secured by and payable solely from a pledge and dedication of the net revenues of Assumption Parish Waterworks District No. 1 above statutory, necessary and usual charges in each of the fiscal years. The agreement also requires that until the bonds have been paid in full in principal and interest, the District must budget annually a sum of money sufficient to pay the principal and interest on the Certificates.

For the payment of the principal and the interest on the bonds and any additional parity bonds, there is hereby created a special fund known as “Waterworks District No. 1 of the Parish of Assumption, State of Louisiana, Revenue Bond and Interest Sinking” fund being maintained with the designated fiscal agent bank of the Issuer. The District shall deposit in the Sinking Fund monthly on or before the 20th day of each month of each year, a sum equal to one-sixth of the interest falling due on the next interest payment date and one twelfth of the principal falling due on the next principal payment date, together with such additional proportionate sum as may be required to pay said principal and interest as the same respectively become due. Said fiscal agent bank shall transfer from the Sinking Fund to the Paying Agent funds fully sufficient to pay promptly the principal and/or interest so falling due on such date.

On July 17, 1989, the Board of Commissioners of the District created the “Waterworks Utility Revenue Fund – Capital Improvements.” Said fund was to receive monies in excess of \$50,000 shown in the annual audit report remaining in the Waterworks Utility Revenue Fund at July 31 of each year after making all required payments into the Sinking, Reserve and Depreciation and Contingency Funds. The excess shall be considered surplus and shall be deposited in this fund. Said fund is to be used by the District for the purpose of retiring outstanding bonds in advance of their maturities, or any other legal purpose determined by the Board to be in the best interest of the District and not in violation of the 2006 Certificate of Indebtedness issue requirements. On October 25, 2004, a resolution was passed by the Board to increase the reserve in the Waterworks Utility Revenue Fund from \$50,000 to \$150,000. The required transfer to the Waterworks Utility Revenue Fund-Capital Improvements fund for the year ended July 31, 2014 is \$1,190,647.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2014**

NOTE C – CAPITAL ASSETS

A summary of capital assets at July 31, 2014 follows:

	Life in Years	Cost	Accumulated Depreciation	Net	Straight-line Method Depreciation This Year
Land and rights of way	-	\$ 171,071	\$ -	\$ 171,071	\$ -
Power pumping and purification structures and equipment, including main plant building	15-44	10,037,603	4,932,444	5,105,159	322,212
Transmission and distribution mains and accessories	15-44	19,665,229	11,666,430	7,998,799	371,195
Transportation, office and other equipment	5-15	773,658	530,878	242,780	32,403
Construction in progress: New transmission lines and other projects	-	2,259,081	-	2,259,081	-
Totals		\$ 32,906,642	\$ 17,129,752	\$ 15,776,890	\$ 725,810
		Cost	Accumulated Depreciation	Net	
Balances at beginning of year		\$ 31,643,165	\$ 16,403,942	\$ 15,239,223	
Additions:					
Land		340	-	340	
Power, pumping and purification		158,749	-	158,749	
Transmission and distribution mains and accessories		425,012	-	425,012	
Transportation, office and other equipment		142,931	-	142,931	
Construction in progress included during year		979,219	-	979,219	
Depreciation expense		-	725,810	(725,810)	
Deletions:					
Construction in progress completed during year		(442,774)	-	(442,774)	
Sales and other dispositions of		-	-	-	
Balances at end of year		\$ 32,906,642	\$ 17,129,752	\$ 15,776,890	

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2014**

NOTE C – CAPITAL ASSETS – Continued

Interest incurred in the enterprise fund was \$159,447.

NOTE D – CASH AND CASH EQUIVALENTS

Cash includes demand deposits and interest bearing demand deposits. Under state laws, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any state in the union or the laws of the United States. Further, the District may deposit funds in time deposits or certificated of deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Also, state law requires that deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

At year end, the carrying amount of the District's deposits was \$392,837 and the bank balance was \$737,744. Of the bank balance, \$250,000 was covered by federal depository insurance and \$487,744 was covered by collateral held by the pledging bank's agent in the Bank's name (Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the district that the fiscal agent has failed to pay deposited funds upon demand.

NOTE E - INVESTMENTS

Under state law, the District may invest in United States bonds, treasury notes or certificates. These are classified as investments. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a nonprofit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates a local government investment pool. Investments are stated at cost.

At July 31, 2014, investments of \$7,340,893 are in the Louisiana Asset Management Pool, Inc. (LAMP). In accordance with GASB Codification Section 150.165, the investment in LAMP at July 31, 2014 is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasury in 1993. The corporation is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligation in which local governments in Louisiana is authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is approximately 60 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2014**

NOTE F – LONG-TERM OBLIGATIONS

The following is a summary of bond transactions for the year ended July 31, 2014:

	<u>Revenue Bonds</u>
Bonds payable, July 31, 2013	\$ 1,710,000
Bonds issued	-
Bonds retired	<u>(400,000)</u>
Bonds payable, July 31, 2014	<u>\$ 1,310,000</u>

Certificates of Indebtedness payable at July 31, 2014, is comprised of the following individual issues:

\$3,780,000 Waterworks Certificates of Indebtedness dated November 29, 2006 due in annual installments of \$315,000 to 455,000 excluding interest, through November 1, 2016; interest at 3.97%.	<u>\$ 1,310,000</u>
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The annual requirements to amortize all debt outstanding at July 31, 2014, including \$79,403 interest payments, are as follows:

	<u>Revenue Bonds</u>
2015	463,670
2016	461,699
2016	<u>464,034</u>
	<u>1,389,403</u>

The following is a summary of bond transactions for the year ended July 31, 2014:

	<u>Revenue Bonds</u>
Bonds payable, July 31, 2013	\$ 4,000,000
Bonds issued	-
Bonds retired	<u>-</u>
Bonds payable, July 31, 2014	<u>\$ 4,000,000</u>

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2014**

NOTE F – LONG-TERM OBLIGATIONS - Continued

Bonds payable at July 31, 2014, is comprised of the following individual issues:

\$4,000,000 Revenue Bonds, Series 2013 dated May 23, 2013 due in annual installments of \$90,000 to 670,000 excluding interest, through November 1, 2022; interest at 2.172%.	<u>\$ 4,000,000</u>
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The annual requirements to amortize all debt outstanding at July 31, 2014, including \$501,189 interest payments, are as follows:

	<u>Revenue Bonds</u>
2015	175,902
2016	178,894
2017	176,830
2018-2022	<u>3,969,563</u>
	<u><u>4,501,189</u></u>

NOTE G – CONTRIBUTIONS FROM ASSUMPTION PARISH

On June 10, 1958, the District entered into an agreement with the Parish of Assumption whereby, in order to afford fire protection to the Parish and in order to provide adequate finances for construction of the waterworks system, the Parish agreed to issue \$1,065,000 ad valorem tax bonds to acquire necessary facilities and equipment for fire protection. Of this amount, \$935,000 was pledged to be used for construction of the joint waterworks and fire protection system.

NOTE H - PENSION PLAN

Substantially all employees of the Assumption Parish Waterworks District No. 1 are members of the Parochial Employees Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the District are members of Plan B.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan B, employees who retire at or after the age of 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final-average monthly salary for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final-average salary.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2014**

NOTE H - PENSION PLAN- Continued

Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above, and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issued an annual publicly available financial report that included financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

Under Plan B, members are required by state statute to contribute 3.0 percent of their annual salary and the Assumption Parish Waterworks District No. 1 is required to contribute at an actuarially determined rate. The current rate is 10.0 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Assumption Parish Waterworks District No. 1 are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Assumption Parish Waterworks District's contributions to the System under Plan B for the years ending July 31, 2014, 2013 and 2012, were \$76,374, \$73,441, and \$81,543, respectively, equal to the required contributions for each year.

NOTE I – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

From an accrual accounting perspective, the cost of postemployment healthcare benefits should be associated with the periods in which the costs occurs, rather than in the future year when it will be paid. In adopting the requirements of GASB Statement No. 45 during the year ended July 31, 2010, the District began to recognize the cost of postemployment healthcare in the year when employees services are received, to report the accumulated liability from prior years, and to provide information useful in assessing potential demands on the District's future cash flows. Because the District adopted the requirements of GASB Statement No. 45 prospectively, recognition of the liability accumulated from prior years will be phased in over 30 years, commencing with the 2010 liability.

Plan Description. Assumption Parish Waterworks' medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement providing they have at least 20 years of service.

Employees are covered by the Parochial Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service. For employees hired on and after July 1, 2007 retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2014**

NOTE I – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS - Continued

Eligibility for Waterworks employees is as follows: age 55 and 30 years of service; age 60 and 10 years of service; or age 65 and 7 years of service.

Contribution Rates. Employees do not contribute to their post employment benefit costs until they become retirees and begin receiving those benefits. The plan provisions and contributions rates are contained in the official plan documents.

Fund Policy. Until fiscal year ending July 31, 2009, Assumption Parish Waterworks recognized the cost of providing post employment medical benefits (Assumption Parish Waterworks' portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post employment benefits on a pay-as-you-go basis. In 2014 and 2013, the Waterwork's portion of health care funding cost for retired employees totaled \$74,365 and \$68,856, respectively.

Effective with the fiscal year beginning August 1, 2009, Assumption Parish Waterworks implemented Government Accounting Standards Board Statement Number 45, Accounting and Financial Reporting by Employers for Post employment Other than Pensions (GASB 45). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

Annual Required Contributions. Assumption Parish Waterworks' Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post employment benefits. The actuarially computed ARC is as follows:

	2013/2014	2012/2013
Normal Cost	81,138	78,018
30-year UAL amortization amount	114,782	110,367
Annual required contribution (ARC)	195,920	188,385

Net Post Employment Benefit Obligations (Asset). The table below shows Assumption Parish Waterworks' Net Other Post Employment Benefit (OPEB) Obligation for fiscal year ending July 31, 2014:

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2014**

NOTE I – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS - Continued

	2013/2014	2012/2013
Beginning Net OPEB Obligation	568,171	456,788
Annual required contribution	195,920	188,385
Interest on Net OPEB Obligation	22,727	18,272
ARC Adjustment	-32,857	-26,416
OPEB Cost	185,789	180,240
Contribution	0	0
Current year retiree premium	-74,365	-68,856
Change in Net OPEB Obligation	111,424	111,384
Ending Net OPEB Obligation 7/31/14	679,595	568,171

The following table shows Assumption Parish Waterworks' annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability for last year and this year:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Liability(Asset)
July 31, 2014	\$185,789	40.03%	\$679,595
July 31, 2013	\$180,240	38.20%	\$568,171

Funded Status and Funding Progress. In 2013 and 2012, Assumption Parish Waterworks made no contributions to its post employment benefits plan. The plan was not funded, has no assets, and hence has a funded ratio of zero. Based on July 31, 2012 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year July 31, 2014 was \$1,984,746, which is defined as that portion, as determined by a particular actuarial cost method (Assumption Parish Waterworks uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

	2013/2014	2012/2013
Actuarial Accrued Liability (AAL)	1,984,746	1,908,409
Actuarial Value of Plan Assets	0	0
Unfunded Act. Accrued Liability (UAAL)	1,984,746	1,908,409
Funded Ratio (Act. Val. Assets/AAL)	0%	0%
Covered Payroll (Active plan members)	738,472	722,900
UAAL as a percentage of covered payroll	268.76%	263.99%

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2014**

NOTE I – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS – Continued

Actuarial Methods and Assumptions. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by Assumption Parish Waterworks and its employee plan members) at the time of the valuation and on the pattern of sharing costs between Assumption Parish Waterworks and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between Assumption Parish Waterworks and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Actuarial Cost Method. The ARC is determined using the Projected Unit Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

Actuarial Value of Plan Assets. There are not any plan assets. It is anticipated that in the future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45 will be used.

Turnover Rate. An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 5%.

Post employment Benefit Plan Eligibility Requirements. Based on past experience, the retirement (D.R.O.P. entry) schedule and the graded employer contribution percentage based on service, it has been assumed that entitlement to benefits will commence upon the end of the D.R.O.P. participation period, which has been assumed to be at the later of age 60 and completion of 15 years of service. Medical benefits are provided to employees upon actual retirement.

Investment Return Assumption (Discount Rate). GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

NOTES TO FINANCIAL STATEMENTS

July 31, 2014

NOTE I – POST RETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS - Continued

Health Care Cost Trend Rate. The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5% for ten years out and later.

Mortality Rate. The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rate and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

Method of Determining Value of Benefits. The “value of benefits” has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays a percentage of the cost of the medical insurance for retirees and dependents based on service at retirement, as follows: 15 to 19 years, 30%; 20 to 29 years, 50%; and, 30 or more years, 75%. The rates provided applicable before age 65 are “blended” rates. Since GASB 45 mandates that “unblended” rates be used, we have estimated the “unblended” rates for retired before Medicare eligibility to be 130% of the blended rate and 80% of the blended rate after Medicare eligibility.

Inflation Rate. Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases. This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases. The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future

NOTE J - DEFERRED COMPENSATION PLAN

Employees of the District may participate in the deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

The deferred compensation plan is available to all employees of the District. Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

The deferred compensation plan is administered by the Public Employees Benefit Services Corporation (PEBSCO), an independent entity. All assets of the plan are reported at fair market value and are administered by an independent entity. As part of its fiduciary role, the District has an obligation of due care in selecting the third party administrator.

The deferred compensation plan laws and related plan provisions were amended so that the plan assets are no longer subject to the claims of the police jury creditors. The plan assets belong only to the employees and are held in trust for the employees' exclusive benefit. Therefore, GASB Statement 32 no longer requires the assets of the plan to be reported in the combined balance sheet as a fiduciary fund. This disclosure is being made for informational purposes only.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
July 31, 2014**

NOTE J - DEFERRED COMPENSATION PLAN – Continued

The following is a summary of activity in the fund for the year ended July 31, 2014:

Assets balance at August 1, 2013	\$ 186,206
Deferrals of compensation	4,588
Earnings	29,391
Withdrawals	(2,290)
Asset fees and others	(1,485)
Asset balance at July 31, 2014	<u>\$ 216,410</u>

NOTE K - ADDITIONAL BILLING AND COLLECTION

The District has entered into formal contracts with the Assumption Parish Police Jury, the Village of Napoleonville and the St. Martin, Back Marais, Aysenne, RDG Developers, Worldwide Environmental Solutions, Ridgeway Waste and Cypress Village whereby the District, as an agent, bills and collects for solid wastes services rendered by the Police Jury and the Village and the sewerage services rendered by the Village and the sewerage districts. The Police Jury, the Village of Napoleonville and St. Martin, Back Marais, Aysenne, RDG Developers, Worldwide Environmental Solutions, Ridgeway Waste and Cypress Village pay 5% of collections of charges to its residents.

NOTE L - SELF INSURANCE HEALTH PROGRAM

The District participates in a self-insurance health program for employees of the District and the Assumption Parish Police Jury. A third party administrator processes the claims and maintains records of the allowable costs, deductible costs, etc., with the activity of this program being reported in the District's Waterworks System expenses. The District and Police Jury share these expenses in proportion with the respective number of employees covered. Under the program, the District and Police Jury maintain a Specific Stop Loss policy which pays all claims exceeding \$60,000 per year per person and is unlimited. Before claims are paid by the carrier, an aggregating specific deductible of \$60,000 is to be paid by the insured. They also maintain an aggregate stop loss policy which will reimburse the program for period ended August 31, 2014.

NOTE M - SUPPLEMENTAL CASH FLOWS DISCLOSURE

During the year ended July 31, 2014, the enterprise fund paid \$159,447 in interest on certificates of indebtedness outstanding. No amounts were paid for income taxes as the District is a component unit of the Assumption Parish Police Jury and governmental agencies are exempt from Federal and Louisiana income taxes.

NOTE N - LITIGATION

At July 31, 2014, there is pending litigation against the District. In the opinion of management, the ultimate liabilities, if any, resulting from such lawsuits and claims, will not materially affect the financial position of the District.

OTHER SUPPLEMENTARY INFORMATION

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 1

**OPERATING EXPENSES – WATERWORKS SYSTEM
Year Ended July 31, 2014**

Waterworks System Expenses:

Purification and plant expenses:

Salaries, plant personnel	\$ 294,431
Payroll Taxes	21,626
Chemicals and purification supplies	201,315
Disability insurance	3,459
Maintenance and repairs of plant	159,955
Other purification expenses	87,409
Other expenses	110
Retirement plan	28,102
Travel and education	12,758
Utilities	173,244
Telemetry	6,879
Supplies and expenses, meter readers	1,784
Professional Services	46,539

Total purification and plant expenses	<u>1,037,611</u>
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Distribution, operation and maintenance expenses:

Salaries	263,828
Payroll Taxes	18,971
Disability insurance	3,019
Other expenses	10,433
Communication expenses	688
Repairs and maintenance	43,145
Retirement plan	25,009
Service materials	38,915
Supplies and expenses, meter readers	2,902
Transportation expenses	35,086
Travel and education	6,380
Utilities	25,509
Water user fee	28,138
Telemetry	1,374

Total distribution, operation and maintenance expenses	<u>503,397</u>
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Total waterworks system expenses	<u><u>\$ 1,541,008</u></u>
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**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 1

**OPERATING EXPENSES – WATERWORKS SYSTEM - CONTINUED
Year Ended July 31, 2014**

Office, general and administrative expenses:

Salaries	\$ 244,736
Stationary and office supplies	63,503
Collection expenses	5,664
Communication expense	8,733
Payroll taxes	16,950
Group insurance	402,464
Insurance	163,365
Substance Abuse Testing	124
Rent of Police Jury, equity in system	6,360
Professional services, legal and accounting	9,750
Professional services, engineering	18,589
Transportation expense	1,333
Travel and education expenses	1,986
Per diem paid to board member	8,340
Retirement plan	23,263
OPEB	111,424
Other expenses	1,544
Uncollectible accounts	18,821
Uniform reimbursements	3,344
Unemployment compensation insurance	519
Maintenance & Repairs	12,497
Dues and Fees	7,231
Deposit Delivery Charge	4,420
Bank charges	1,021
Contract Janitorial	14,276

Total office, general and administrative expenses

\$ 1,150,257

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 2

**ENTERPRISE FUND – WATERWORKS SYSTEM
SCHEDULE OF CHANGES IN ASSETS RESTRICTED FOR REVENUE BOND DEBT SERVICE
Year Ended July 31, 2014**

	Waterworks Utility Revenue Bond and Interest Sinking Fund - 2006	Waterworks Utility Revenue Bond and Interest Sinking Fund -2013
Cash and investments at beginning of year :	\$ 317,829	\$ 3,911,871
Increase in cash and investments:		
2013 Bond		-
Transfers from other accounts	470,726	60,000
Interest earned	68	1,015
Other	-	-
	<hr/>	<hr/>
Total cash available	788,623	3,972,886
Decrease in cash and investments		
Principal payment	400,000	-
Interest payments	59,947	-
Other payments	-	-
Transfers to other accounts	75	402,108
	<hr/>	<hr/>
Total decreases	460,022	402,108
	<hr/>	<hr/>
Cash and Investments at end of year	<u>\$ 328,601</u>	<u>\$ 3,570,778</u>

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 3

METERED WATER CUSTOMERS

July 31, 2014
(Unaudited)

At July 31, 2014, the District had 10,004 metered customers as set forth in the District's internal reports.

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 4

**BOARD OF COMMISSIONERS – PER DIEM
Year Ended July 31, 2014**

<u>Board Members</u>	<u>Number of Meetings</u>	<u>Per Diem</u>
Donna K. Robertson	14	840
Bryan Dugas	12	720
Vincent Nelson	14	840
Scott Sternfels	14	840
Dennis Cavalier	5	300
Calvin Steward	14	840
Kevin Peterson	13	780
Jamie Boudreaux	12	720
Glen Comeaux	14	840
Paul Lewis	14	840
Charles Brown, Jr.	13	780
		<u>\$ 8,340</u>

**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS AND
OTHER SCHEDULES REQUIRED BY GOVERNMENT AUDITING
STANDARDS**

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 5

**SCHEDULE OF FINDINGS & RESPONSES
For the Year Ended July 31, 2014**

A. Summary of Audit Results

- The auditor's report expresses an unqualified opinion on the basic financial statements of the Waterworks District No. 1 of the Parish of Assumption, State of Louisiana.
- There was one significant deficiency in internal control disclosed during the audit of the basic financial statements that was required to be reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards. (See 2014-1 in Part B of this schedule)
- The results of our tests disclosed no instances of noncompliance material to the basic financial statements which were required to be reported in the Report on Internal Compliance and on Compliance and Other Matters over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards.

B. Findings-Financial Statement Audit

2014-1 FINANCIAL STATEMENTS SUBMITTED NOT IN ACCORDANCE WITH GAAP

Criteria: Financial statements should be submitted in accordance with GAAP

Condition: The accounting personnel does not possess the necessary skills to prepare financial statements that include note disclosures that are required by Generally Accepted Accounting Principles.

Effect: Financial statements are not presented in accordance with GAAP

Recommendations: Due to the costs of correcting this outweighing the benefits derived, the District has opted to outsource the drafting of the note disclosures to the auditor.

Views of responsible officials and planned corrective actions: Management concurs with the finding. However, due to staff limitations, no action will be taken at this time

**WATERWORKS DISTRICT NO. 1 OF THE
PARISH OF ASSUMPTION, STATE OF LOUISIANA**

Schedule 6

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended July 31, 2014**

A. Financial Statement Audit

INTERNAL CONTROL FINDINGS

2013-1 FINANCIAL STATEMENTS SUBMITTED NOT IN ACORDANCE WITH GAAP

Condition: The accounting personnel does not possess the necessary skills to prepare financial statements that include note disclosures that are required by Generally Accepted Accounting Principles.

Current Status: The finding still exists due to the costs of correcting this outweighing the benefits derived, the District has opted to outsource the drafting of the note disclosures to the auditors. (See Current Finding 2014-1).

2013-2 BOND RESERVE REQUIREMENTS

Condition: The Waterworks failed to comply with certain requirements of the loan and pledge agreement which governs the Revenue Bond 2013 Series. The Assumption Parish Waterworks failed to properly fund the "Sinking Fund."

Current Status: This finding has been corrected for the current fiscal year.

Assumption Parish Waterworks District No. 1

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Schedule 7

Corrective Action Plan for Current Year Audit Findings For the Year Ended July 31, 2014

<u>Ref No. *</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name(s) of Contact Person(s) **</u>	<u>Anticipated Completion Date</u>
2014-1	Financial Statements Submitted Not in Accordance with GAAP	Not feasible at this time	B.J. Francis, Jr. Lucille Guillot	N/A

The above corrective action plan addresses the auditor's current year findings. If you need additional information concerning the corrective action plan, please feel free to contact us.



B.J. Francis, Jr., General Manager

* Reference number the auditor assigns to the audit finding.

** Name(s) of contact person(s) responsible for corrective action.

Waguespack & Gallagher, LLC

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS ADVISORS

Michael J. Waguespack, CPA, PC

Timothy J. Gallagher, CPA, PC

Tia T. Barbera, CPA, PC

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Elaine T. Waguespack, CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Independent Auditor's Report

Board of Commissioners
Assumption Parish Waterworks District No. 1
Napoleonville, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards, applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the business type activities and the major fund of the Assumption Parish Waterworks District No. 1 (the District), a component unit of Assumption Parish Police Jury, as of and for the year ended July 31, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 15, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies (2014-1).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wagner & Callaghan, LLC

Napoleonville, Louisiana
December 15, 2014